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RUEHAK/AMEMBASSY ANKARA 5756
RUEHBJ/AMEMBASSY BEIJING 3468
RUEHKO/AMEMBASSY TOKYO 3332
RUEHIT/AMCONSUL ISTANBUL 3999
RUEKJCS/JOINT STAFF WASHDC
RUEAIIA/CIA WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC
RHEFDIA/DIA WASHDC
RHEBAAA/DEPT OF ENERGY WASHDC
RHEHNSC/NSC WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUEKJCS/SECDEF WASHINGTON DC
RUCNDT/USMISSION USUN NEW YORK 1189
RUEHVEN/USMISSION USOSCE 3976

C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 001270

SIPDIS

STATE FOR SCA/CEN; EEB; NEA/IR
ENERGY FOR EKIMOFF/BURPOE/COHEN
COMMERCE FOR EHOUSE

E.O. 12958: DECL: 10/05/2019

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SUBJECT: TURKMENISTAN: HONEYWELL TRYING TO COURT TURKMEN
PRESIDENT

REF: ASHGABAT 516

Classified By: Charge Sylvia Reed Curran for reasons 1.4 (b) and (d).

11. (C) SUMMARY. On October 5, Honeywell's CEO and other company executives met with the Charge to discuss plans to expand the company's presence in Turkmenistan. Honeywell's CEO arrived in Ashgabat for meetings with Turkmen President Gurbanguly Berdimuhamedov, Deputy Chairman of Oil and Gas Baymyrat Hojamammedov, and Foreign Minister Rashid Meredov.

The Honeywell CEO agreed to return to Ashgabat this fall during his first meeting with the Turkmen President in March.

The company is currently pursuing joint ventures with the state-owned gas company Turkmengaz, in addition to selling Honeywell equipment in Turkmenistan. In addition, Honeywell plans to provide much-needed technical training for Turkmen employees as part of its business proposal. In the end, the CEO's meeting with Berdiuhamedov did not take place. Company executives are finding a stiff learning curve as they figure out how to approach the Turkmen president and other GOTX officials in order to land the desired deals. END SUMMARY.

12. (C) Honeywell's CEO made his second trip to Ashgabat this year in order to meet with Berdimuhamedov and other high-level officials (reftel). The trip was a promised follow-up visit in order to discuss additional business opportunities for Honeywell companies UOP and Honeywell Process Solutions (HPS). UOP is a well-known supplier of high-tech hydrocarbon drilling equipment and HPS would like to partner with Belgian process engineering company ENEX for projects at the Turkmenbashi oil refinery. Honeywell hopes to sign a joint venture agreement with the Turkmen state-owned gas corporation Turkmengaz, but has already noted some Turkmen business practices that might make it tough to close a deal. According to company reps, Honeywell received a confidentiality agreement from Turkmengaz for the joint venture, but noticed it was based entirely on Turkmen law, with an arbitration clause that required any arbitration hearings to be held in Turkmen courts. When Honeywell legal

experts suggested a few changes to the confidentiality agreement, Turkmen officials reportedly balked, explaining that it would have to be re-drafted and re-approved by the Cabinet of Ministers and the President, a process which would take months.

¶3. (C) Honeywell's Vice President for Government Relations told Charge that GOTX officials had already pointed out a Honeywell blunder, as Honeywell did not request an official meeting between its CEO and Berdimuhamedov when the latter was in New York in September for the UN General Assembly. Honeywell was surprised that the absence of a Honeywell letter was noticed by GOTX officials and that they considered it to be a slight toward Berdimuhamedov. The Charge told the Honeywell reps that they might consider sending a congratulatory letter from the CEO to Berdimuhamedov for Turkmen Independence Day on October 27 and inviting him to visit Honeywell facilities the next time he is in the United States. The Charge reminded the company reps that "making the president happy" is an important step toward striking a deal with the Turkmen.

¶4. (C) According to a Honeywell rep, the company has 130,000 employees in 100 countries. Its decision to expand in Central Asia stems from its successful equipment sales to international oil and gas companies in the region. The rep added that as part of the proposed joint venture with Turkmengaz, the company plans to hire 50 Turkmen employees and only a couple expatriate employees, given that Honeywell's policy is to utilize the work force of the host nation as much as possible. The Charge said the law requires

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that the workforce of foreign companies be, at a minimum, 70% Turkmen, noting that many foreign companies often employ 75 percent or more just in case. Honeywell reps said that the company plans to establish and build training centers in Turkmenistan as it has done in Kazakhstan, stressing the importance of developing a highly skilled and well-trained workforce in the country. Honeywell also plans to develop a training partnership with the Ministry of Education, specifically with technical universities and institutes.

¶5. (C) Later in the day, following his meeting with Deputy Chairman for Oil and Gas Baymyrat Hojamammedov, the Honeywell CEO told the Charge that Hojamammedov was convinced the Embassy did not support Honeywell. According to the CEO, Hojamammedov explained that Honeywell was not on a list of companies that requested meetings with Berdimuhamedov in New York. (NOTE: Member companies of the U.S.-Turkmenistan Business Council (USTBC) who requested meetings with the president appeared on this list. Honeywell is not a member of the USTBC, and it did not request a meeting with the president. It appears the GOTX has the mistaken impression that the USTBC is a U.S. Government entity, and membership constitutes an official endorsement by the USG. END NOTE.) The Charge told the Honeywell CEO, in no uncertain terms, that Hojamammedov's assertion was false, and that the Embassy supports all U.S. companies doing business or hoping to do business in Turkmenistan. The Charge immediately put calls into the MFA to disabuse GOTX officials of the unfounded notion that the Embassy does not support Honeywell.

¶6. (C) COMMENT: In the end, the Honeywell CEO did not get his meeting with Berdimuhamedov. Even though the CEO made his second journey to Ashgabat this year, indicating a strong desire to work with the Turkmen, it was not enough to assuage Honeywell's inadvertent faux pas during Berdimuhamedov's trip. Inadvertent or not, such a mistake is enough to seriously sidetrack any budding business relationship. It looks like there is some work that remains to be done before a deal is closed. END COMMENT.
CURRAN